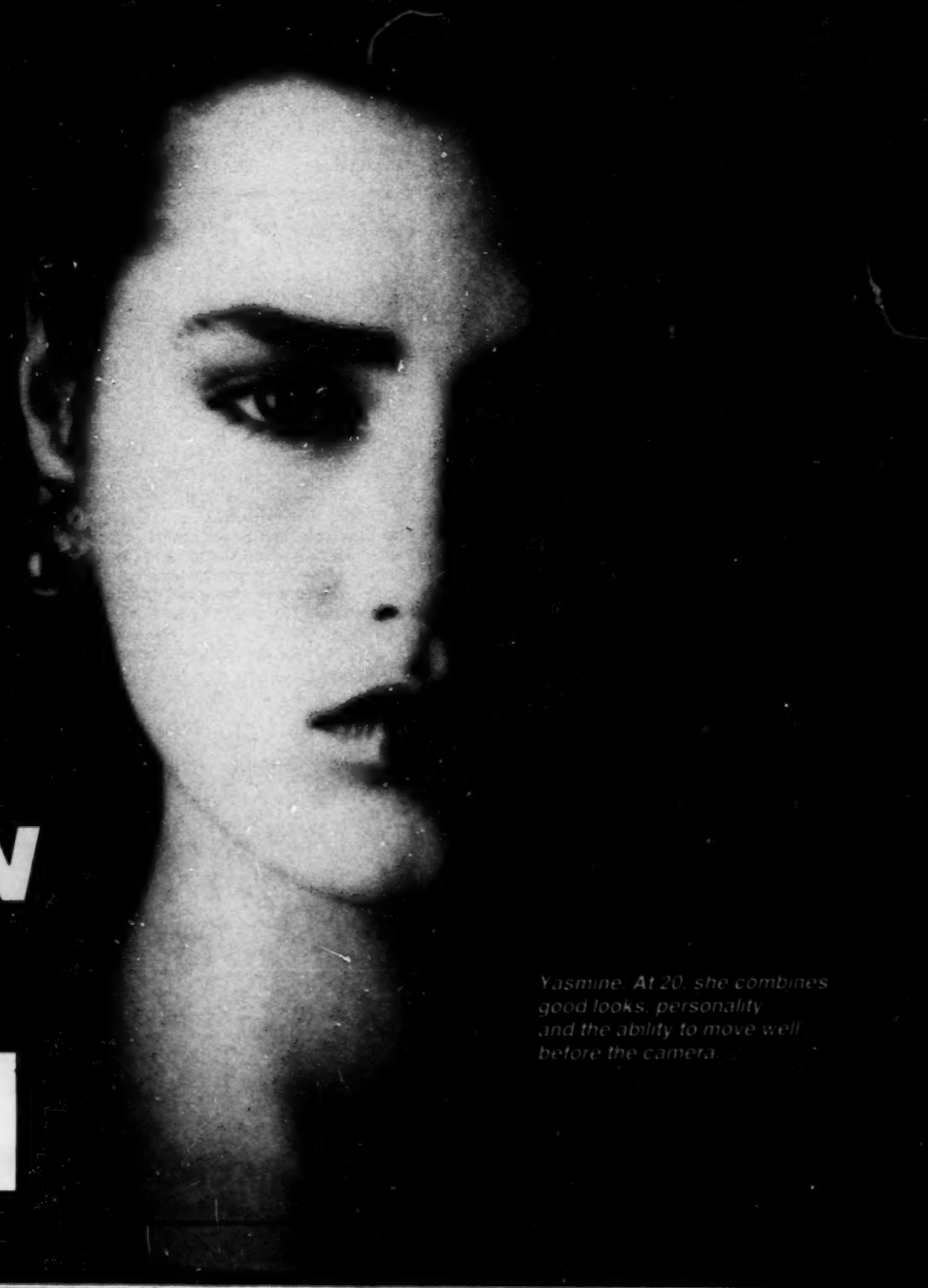
Crain s Magazine.of the Creative Process
June 6, 1985
$1.25 a copy. $55 a year

Thursday

Special Report: Licensing—
gaining in popularity as a marketing tool

Three you'll be seeing more of: Renata Vackova (top), Stephanie Seymour (left, above) and Roseann Apodaca.

THE HOT FASHION MODELS



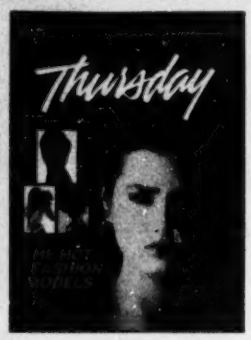
Yasmine. At 20, she combines good looks, personality and the ability to move well before the camera.

AA
DC2001&CONGLI FMJF M
CONGRESSIONAL INFO SERVICE
SRI ACQUISITIONS
4520 EAST-WEST HWY #800
BASHINGTON DC 20014

In the news

The Continental touch

Moving into the elite ranks of modeling isn't easy. A European tour is nearly as de rigueur for young models today as it once was for emerging socialites, and only a few escape the trek. Agencies, model editors and photographers have cut a handful of classic beauties and exotic faces from the pack and put them in line as successors to the throne of superstardom. *See Page 5.*



On hold

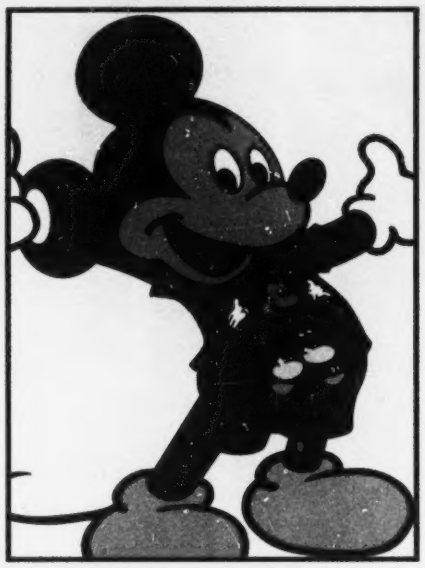
Twin Cities ad executive Gene Okerlund went to the mat to promote the World Wrestling Federation —and got stomped in the back by 320-lb. Hulk Hogan for his efforts. Proving that pro wrestling wasn't a safe place for a 42-year-old adman in black tights, Mr. Okerlund returned to his job as WWF announcer, where he is known as "Mean Gene Okerlund," a man who wears black suits, interviews sweating behemoths and earns more than $100,000 a year. *See Page 6.*

Diet Sun shine

Grey Advertising faced no easy task in creating commercials for General Foods' new Diet Sun powdered soft drink. Though it is a drink mix, Diet Sun essentially competes with other refreshment beverages in general. Agency executives developed a theme—"It's a 10"—hoping the number would suggest a range of meanings. "A delicious ambiguity" is how Richard Karp, exec vp-creative director, describes it. *See Page 37.*

Special Report

Licensing



Licensing is gaining prominence as a marketing tool. Some licenses that have found long-lived success and others that are getting started are profiled in Special Report, *starting on Page 15.*

Presstime

'U.S. News' reviews shops

NEW YORK—*U.S. News & World Report* is conducting an agency review for its $1.5 million trade advertising account, now at Foote, Cone & Belding. The incumbent, which has had the account nearly three years, is participating in the review. The weekly expects to introduce a new campaign in the fall.

Western eyes Chiat, others

LOS ANGELES—Western Airlines is talking to Chiat/Day; Foote, Cone & Belding, and Dailey & Associates, plus several other agencies, in a review of its approximately $20 million account. The business currently is at Doyle Dane Bernbach/West. Western was dissatisfied with the fall campaign DDB created, reliable sources say.

Swensen in 'Goonies'

NEW YORK—Warner Bros.' "The Goonies," a Steven Spielberg film to bow June 7 (AA, May 9, *et seq.*), includes product placement for Swensen's Ice Cream Co. and Yamaha Motor Corp. USA, via Krown Inc., Beverly Hills.

Praising Pioneer spirit

LONG BEACH, CAL.—Pioneer Electronics (USA) breaks a $9 million corporate-image campaign June 17 on MTV: Music Television. Themed "Catch the spirit of a true pioneer," the spots also will run on network and spot tv and in movie theaters. Five testimonial print ads, themed "I'm a pioneer and I'm proud of it," support in July consumer magazines. The campaign is the first work for Pioneer from Dancer Fitzgerald Sample, Torrance (AA, March 18).

Toshiba teases for CES

WAYNE, N.J.—Toshiba America this week broke a $10 million effort for its videocassette recorder line with teaser tv spots in Chicago during the Consumer Electronics Show. Toshiba introduced its first VHS-format machines at the show. Calet, Hirsch & Spector, New York, handles.

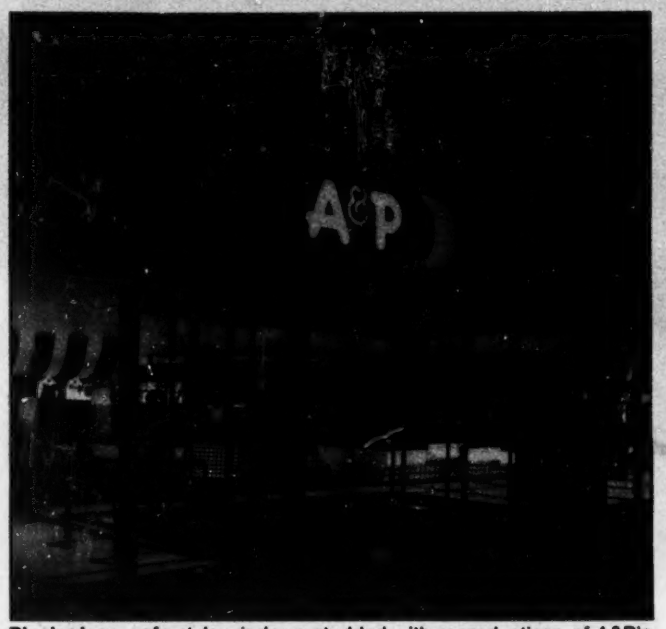
CBS seeks FCC aid

NEW YORK—CBS Inc. has asked the Federal Communications Commission to reject Ted Turner's proposed $5.4 billion bid for the company. CBS claims the merger would be financially devastating to the network. Separately, the CBS affiliates advisory board and nearly 100 affiliates have filed their own petitions with the FCC, which mostly echoed CBS' position.

Viacom still wants WACCI

LAS VEGAS—Sources at Viacom International attending the National Cable Television Assn. convention here say the New York-based company is considering sweetening its $700 million bid for Warner Amex Cable Communications Inc. Such a move would follow the $750 million joint offer by Time Inc., New York, and TeleCommunications Inc., Englewood, Colo., the country's two largest cable system operators (AA, May 30, *et seq.*). Sources also say officials at Showtime/Movie Channel—which is owned by Viacom, WACCI and Warner Communications—are worried a Time/TCI buyout would hurt the

(Continued on Page 43)



Black glass, cafe-style windows studded with reproductions of A&P's successive logos front the company's "futurestore" in Allendale, N.J.

No gray areas in A&P future

By Judann Dagnoli

The bold design of A&P's prototype "futurestore" in Allendale, N.J., is drawing raves—and greenbacks—from grocery shoppers.

"When I come in here, I'm on sensory overload," one customer said recently. "It's like Christmas shopping at Bloomingdale's. My rods and cones go crazy."

Dusting off its old image, the Great Atlantic & Pacific Tea Co. has used an ultramodern style and contrasting black-and-white color scheme in its store of the future, and it already has paid off in the present. Sales have doubled, according to Michael Rourke, vp-marketing and corporate affairs.

The futurestore, with a facade of black glass cafe windows, seems incongruous in this snug New Jersey community. The store's tunnel-like entry gives way to a deceptively minimalist interior. Stark graphics, the use of only two contrasting colors and an unusually spacious layout give grocery shopping the feel of an odyssey.

The aisles are few: Attention is drawn to freestanding displays labeled with enormous pictographs—cutout representations of merchandise—all, of course, in black-and-white. The store directory, in luminous ebony, lists foodstuffs and their locations alphabetically. The mirrored courtesy desk also serves as a kiosk, flashing blue neon messages to customers.

Design

Individual departments are stressed. Attention is flagged to the deli department by its black-and-white canopy. The eye is drawn to the produce department by oversize black representations of bananas, grapes and artichokes. Likewise, the meat department sports graphics of pigs; the frozen-food department, huge ice-cream cones.

The futurestore seems a radical departure for the 125-year-old A&P, which long has been considered behind the times by other retail food chains. The Montvale, N.J.-based company, however, struggling to recover from heavy financial losses in the 1970s, is putting on a new face for the '80s. Mr. Rourke sees the futurestore as a logical progression for the company.

"It's a contemporary look, but the black-and-white maintains the traditional feel of A&P," he says. "The colors reflect back to the turn of the century, when black-and-white graphics were often used."

This blend of modern and traditional is the result of a three-year joint effort by the company's property development department and the Manhattan industrial design company, Robert P. Gersin Associates. The cost, Mr. Rourke maintains, is "proprietary information."

The store is attracting a more eclectic shopper than average. Scattered among the standard canned goods, dairy products and the company's hallmark coffee, one finds fresh floral arrangements, wicker furniture, tureens of hot soup, a salad bar, live lobsters and made-to-order pizza. The concept, says Mr. Rourke, is "a boutique atmosphere.

"We are envisioning the future look of our superstores," he states. And the wave of the future, as the company sees it, is specialty products and services. The futurestore capitalizes on that trend by incorporating "many little stores in one big store." Each A&P branch will carry different products, the offerings to be determined by demographics.

The futurestore in a suburban upper-middle-class community therefore will cater to more yuppie tastes than would a contemporary in a low-income environment. The main unifying element will be the color scheme, which A&P hopes to make its trademark.

Plans call for 60 futurestores by 1989, depending on customer reaction. So far, Mr. Rourke claims the reaction is overwhelmingly positive—and he has the receipts to prove it.#

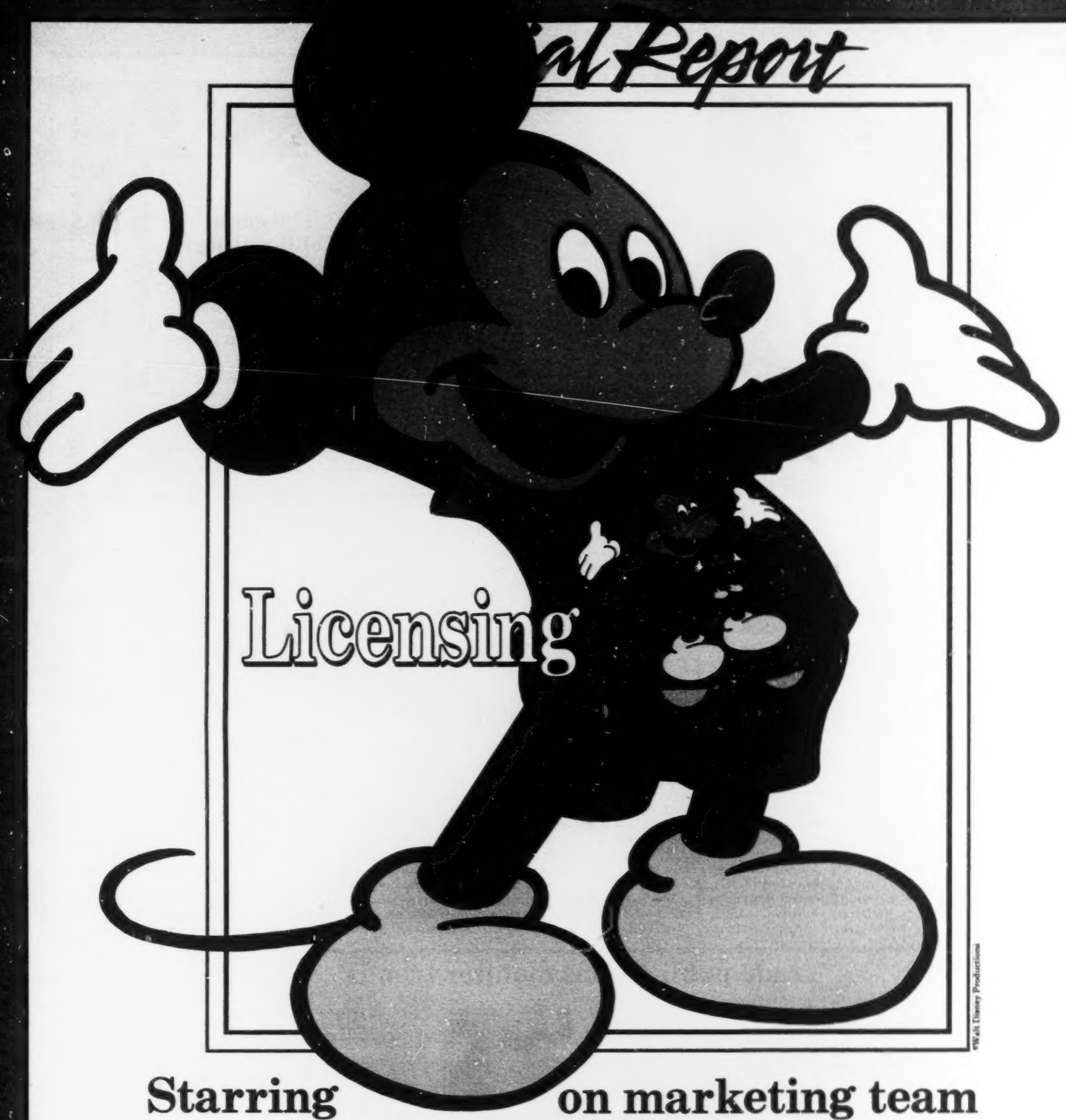
REGULAR FEATURES

ADVERTISING MARKETPLACE 39
BRADY 36
GOING PLACES 7
IN THE NEWS 43
LETTERS 41
PARTING SHOT 38
PEOPLE PATTERNS 38
REGIONAL UPDATE 42
WORDS FROM GARTNER 36

Vol. 56, No. 44—ADVERTISING AGE (ISSN 0001-8899) is published twice weekly except once a week the first week in January, the fourth week in November and the fourth week in December at 740 Rush Street, Chicago, IL 60611. Second-class postage paid at Chicago and additional mailing offices. Send address changes to ADVERTISING AGE, Circulation Department, 740 Rush Street, Chicago, IL 60611. Microfilm copies are available from University Microfilms, 300 N. Zeeb Rd., Ann Arbor, Mich. 48103. Microfiche copies are available from Bell & Howell, Micro Photo Division, Old Mansfield Rd., Wooster, O. 44691.

$1.25 a copy, $55 a year, $100 two years. Add $143 per year for air delivery to Europe & Middle East. Add $49 for surface mail to all other foreign countries. WILLIAM STRONG, vp-circulation; ROGER DI GREGORIO, fulfillment director; HEIDI SCHULTZ, senior circulation manager. Four weeks' notice required for change of address. Address all subscription correspondence to circulation department, Advertising Age, 740 Rush St., Chicago, Ill. 60611 (312) 649-5200.

ABP ABC MPA ANPA



Licensing

©Walt Disney Productions

Starring on marketing team

By Joanne Y. Cleaver

Unless you've been locked in a consumer time capsule, you'll recognize such licensed properties as Mickey Mouse, Snoopy, Gloria Vanderbilt, the New York Mets, Garfield, Coke and Care Bears.

Before the year is out, you likely will be familiar with Mirthworms, United States Basketball League, Henri Mouse, Harve Benard, Stompers, SweetSea, Kindles, Shagg E. Dawg and—no kidding—Runny Nose.

New launches such as these are crowding the licensing seas, but instead of smooth sailing, they're likely to find turbulent waters in the 1980s. Industry insiders are unanimous in their opinion that a shakeout is under way. The licensing field is crowded in most categories, including toys and children's items, designers and entertainment. Only corporate licensing still is gaining momentum, industry observers say.

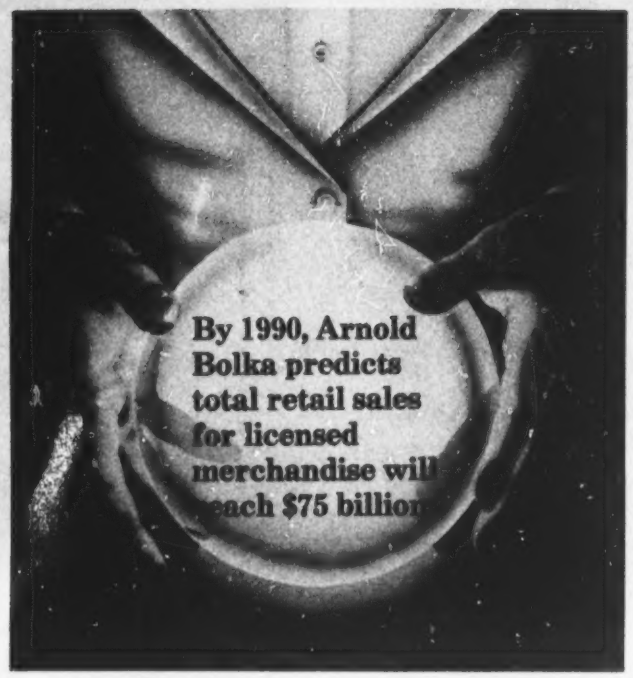
Even as the stars continue to rise and fall, licensing is becoming entrenched as a marketing tool. Competition is forcing marketers to develop sophisticated plans for advertising and to sell whole licensing programs, rather than single-shot products.

Licensing is not new. In 1904, Brown Shoe Co. purchased rights to use the name of Buster Brown, a popular turn-of-the-century comic strip character, to promote its line of children's shoes at the St. Louis World's Fair. The 1930s saw the inception of such classics as Mickey Mouse, Donald Duck and other Disney properties, and a handful of marketers and entertainers lent their names to others' products.

But in those days, the creator or owner of the licensed property considered it a fair trade when he granted the licensee permission to apply the image or design to the licensee's product. The creator got free publicity and wider recognition of his property; the licensee was able to benefit from the presumed

(Continued on Page 16)

Joanne Y. Cleaver is a frequent contributor to Special Report.



Starring

(Continued from Page 15)
popularity of the property and take sales and market share from competitors with generic products.

In the 1950s and 1960s, licensing started to emerge as a stronger marketing tool, but it wasn't until the late 1970s that it mushroomed, thanks to a sugary-sweet character born to be licensed.

"Strawberry Shortcake really broke the barrier," says Michael Sisson, a licensing consultant and president of Sisson Associates, New York. "Then other manufacturers looked at what Strawberry Shortcake had done and said, 'If they can do it, I can too.'"

With that realization came another revelation—licenses could be money makers. Licensers that had been granting permission for others to use their properties without a fee no longer were satisfied with the intangible good will brought by the exposure. They wanted cash—and they got it. Virtually overnight, properties were transformed from marketing afterthoughts to prime prospects for marketing in their own right, says Arnold Bolka, publisher of "The Licensing Letter," a Scottsdale, Ariz.-based trade newsletter.

In 1977, licensing was a $4 billion industry in the U.S.; last year, retail sales exploded to an estimated $40 billion—50% more than in 1983, according to "The Licensing Letter." In 1985, sales are expected to increase another 50%. By 1990, Mr. Bolka predicts total retail sales for licensed merchandise will reach $75 billion.

Such growth indicates licensing has infiltrated virtually every type of product category. Clothes and accessories claim 38% of all licensing sales, with toys and games second at 19%, as tracked by "The Licensing Letter" 1984 yearend industry survey. The paper goods category follows with 12% and gifts and novelties with 11%.

Despite their enthusiasm, survey respondents agree the growth can't last forever. Most say sales of licensed products will even out during the remainder of the decade. However, the respondents—all licensers—also say sales of their own products will increase at least 40% this year.

Therein lies the dilemma for today's licenser and licensee. Unarguably, licensing is here to stay. What isn't known is how the long-haul survivors will meet that demand.

Some basic rules of licensing have been broken already. Historically, licensed concepts evolved from a variety of sources—books, comic strips, entertainment media, people, sports teams, name brands or thin air.

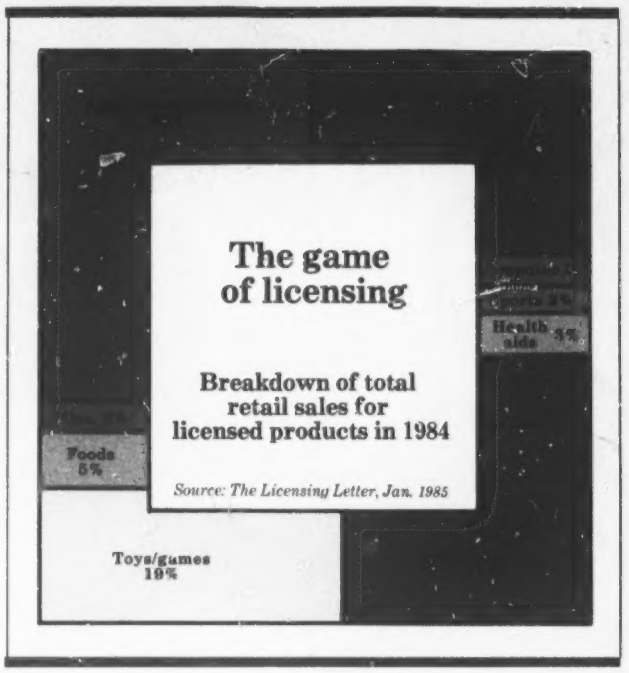
In 1977, Strawberry Shortcake broke that mold. The licensing property was a pioneer effort of Those Characters From Cleveland, now a division of American Greetings. The company drew a character using all the qualities a specially commissioned survey found were most appealing to young girls. Most other properties have stemmed from popular demand, as in a winning sports team, or from the pens of designers, such as Charles Schulz, who created the Peanuts characters.

However, since about 1981, power and influence in the licensing industry have been shifting from the creators to the marketers. Two camps are gaining control—toy companies and retail management. The net effect is "fewer properties will control more of the market," says Murray Altschuler, president of the Licensing Industry Assn., New York.

Retailers have only so much space and often use that space for boutiques, in which all products with a given license are displayed together. But retailers face an even greater dilemma in predicting consumer tastes.

"Management at the retail level will become much more involved in philosophical licensing decisions," Mr. Altschuler says. "Up until now, all the decisions were being made by the buyer. But licensing is a very important percentage of retail goods sold, so it behooves management to consider it in their strategic planning." Consequently, licensing now has its own trade journals, all of which are crowded with ads and articles extolling the ad plans and budgets of various properties.

"Licensers are having meetings with large retailers before they even launch their programs," says Milton Schulman, editor of The Licensing Book, a New York-based trade publication. "The retailers are looking for key elements before they commit—exposure to the age groups, a major toy company [as a licensee] if it's in the child's area—to create a major advertising effort to pull the products along."


The game of licensing
Breakdown of total retail sales for licensed products in 1984
Source: The Licensing Letter, Jan. 1985
Health aids 4%
Foods 5%
Toys/games 19%

The toy category tends to be in the forefront of changes in the developing and licensing of properties. More than half of all toys sold last year were licensed in some way, estimates Frank Reyson, editor of New York-based *Playthings*.

The growing importance of corporate licensing could have a calming effect on the industry. Having spent years building up good will and recognition, corporations are very careful about how they license their trademarks, industry consultants say.

Corporations won't put up with slapdash applications of their logo on just any product, says Steven Levitt, president of Marketing Evaluations/TVQ, Port Washington, N.Y. The "marriage" of product and license has to make sense, and that attitude is expected to keep corporate license growth gradual and steady.

"It's silly to take Noxzema and put it on something that makes no sense—like a wastepaper basket. But they should be very interested in beach towels, because Noxzema is used for sunburn," he says.

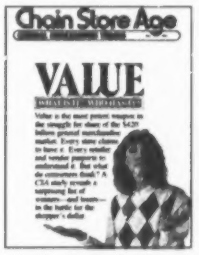
Almost everyone agrees the corporate category will be the next big growth area in licensing. More difficult to discern are the product categories and sources of properties that are being overlooked. Housewares and food are categories that haven't been swamped by licenses.

Personality and life style concepts—exemplified in the success of products affiliated with ABC-TV's nighttime soap opera "Dynasty" and the belated entrance of "Dallas" as a licenser—could take off in the next couple of years, says Pat Upton, president of New York-based Pat Upton & Associates and author of the book "Make Millions in the Licensing Business" (Monarch Press, New York, 1985). Institutions such as museums and special interest groups such as the National Audubon Society could be next in line to try to cash in on their concepts and designs.

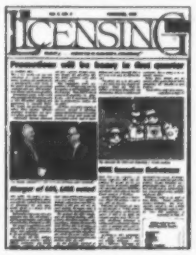
Regardless of the category, product or type of property, licensing quickly is becoming ingrained in both the habits of marketers and the expectations of consumers.

"The licensed property today has become the brand name," says Nancy Bailey, president of Nancy Bailey Associates, Miami, Fla. "Companies are known not for themselves, but for the property."

Trade publications monitor trends

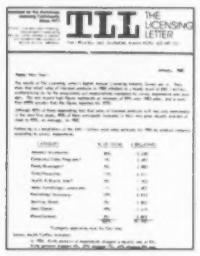


Chain Store Age*
Lebhar Friedman, New York
Circulation: 30,000
Frequency: Monthly
Ad pages: 5,200 b/w
6,600 4-color
Start-up: 1979



Licensing Book
Advertising Publishing Group
Circulation: 20,000
Frequency: Monthly
Ad pages: 4,960 b/w
5,475 4-color
Start-up: 1983

Licensing International
Hobby Publications, Englishtown, N.J.
Circulation: 17,000
Frequency: Every-other-month
Ad pages: 2,415 b/w
3,450 4-color
Start-up: 1984



"The Licensing Letter"
The Licensing Letter, Scottsdale, Ariz.
Circulation: N/A
Frequency: Monthly
Ad pages: N/A
Start-up: 1977

Plaything Licensing Scope*
Geyer McAllistar Publications, New York
Circulation: 13,000
Frequency: Monthly
Ad pages: 2,400 b/w
3,325 4-color
Start-up: 1983

Toy & Hobby World, Licensing Today*
U.S. Business Press
Circulation: 19,000
Frequency: Monthly
Ad pages: 4,312 b/w
5,667 4-color
Start-up: 1983

*Supplement Note: Circulation figures are from publishers' statements. Source: ADVERTISING AGE